

IMPERIAL PREFERENCE.

COPY of RESOLUTIONS passed by the COMMITTEE ON COMMERCIAL AND INDUSTRIAL POLICY on the subject of IMPERIAL PREFERENCE, together with Copy of covering LETTER to the PRIME MINISTER.

Presented to both Houses of Parliament by Command of His Majesty.



LONDON:
PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE.

To be purchased through any Bookseller or directly from
H.M. STATIONERY OFFICE at the following addresses:
IMPERIAL HOUSE, KINGSWAY, LONDON, W.C., and 23, ABINGDON STREET, LONDON, S.W.;
37, PETER STREET, MANCHESTER; 1, ST. ANDREW'S CRESCENT, CARDIFF;
23, FORTH STREET, EDINBURGH;
or from E. PONSONBY, LTD., 116, GRAYTON STREET, DUBLIN;
or from the Agencies in the British Colonies and Dependencies,
the United States of America and other Foreign Countries of
T. FISHER UNWIN, LTD., LONDON, W.C.

1917.

[Cd. 8482.]

Price 1d. Net.

COMMITTEE ON COMMERCIAL AND INDUSTRIAL POLICY.

To the Right Hon. D. Lloyd George, M.P., Prime Minister.

SIR,

1. We think it expedient to state briefly the reasons which have led us to pass the accompanying Resolutions and transmit them to you at the present time.

2. It was our intention to discuss the future trade relations between the United Kingdom and the British Possessions Overseas in detail in connection with and as part of the recommendations which it will be our duty to make in respect of the general commercial and industrial policy of this country after the war. In particular we desired to consider the position of the great staple industries, but in regard to these we feel bound to wait for the reports from the special Committees appointed by the Board of Trade.

3. The announcement that an Imperial Conference will be held at an early date has, in our judgment, made it expedient to state our opinions in the form of the Resolutions we have now the honour to transmit.

4. We have arrived at the conclusions indicated chiefly on the ground that although to some of us any measures which may act in restraint of trade are in the abstract distasteful, we think it necessary that for the sake of the unity of the Empire a serious attempt should now be made to meet the declared wishes of the Dominions and Colonies for the development of their economic relations with the United Kingdom, and that any abstract opinions we may hold should not, under the circumstances in which we are placed and with the experience gained during the war, stand in the way of any measure which are seen to be important, having regard to the general interests of the Empire.

5. It will be recalled that at the Colonial Conference of 1902 the Prime Ministers of the Self-Governing Colonies unanimously urged the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies either by exemption from or reduction of duties then existing or thereafter to be imposed, and that a Resolution in the same terms was passed at the Conference of 1907.

6. Whatever controversies may have arisen in the past, we think that, regard being had in particular to the sacrifices made and the services rendered by our fellow subjects overseas for a common purpose during the present war, the time has now arrived at which this request should be granted to the fullest extent which is now or may hereafter become practicable.

7. The Dominions have not asked, and we do not understand them to ask, that duties should be imposed by the United Kingdom for the sake of granting a preference to their products. But we feel that, in the words of the Resolutions we are forwarding to you, it will be necessary to take into early consideration, as one of the methods of achieving the objects indicated, the desirability of establishing a wider range of Customs duties than exists at present. This subject we propose to consider later, and to submit a further report thereon at an early opportunity, as well as on the question how far the interests of the Dominions could be met by the granting of subsidies in lieu of tariff preferences.

8. We do not overlook the practical difficulties involved, but we desire to emphasise the fact that for the purpose of recovering trade lost during the war, of securing new markets, and of consolidating the resources of the British Empire the development throughout the Empire of a system of mutual tariff preferences is a subject which cannot, in our opinion, any longer be neglected.

9. In this connection it will be necessary to examine closely the effect of imposing duties upon any articles which are used for manufacturing purposes in this country, especially in connection with our export trades and the shipping and shipbuilding industries. Measures must be devised to safeguard the interests of the consumer and the rightful demands of labour. The special position of India, as well

as of Egypt and the Sudan, will require consideration; and account must be taken both of our commercial treaty obligations and of the bearing of the proposed policy upon the interests of those countries our trade relations with which are of special importance.

10. We are satisfied, however, that these questions, with which we propose to deal more fully in a subsequent report, do not oppose any insuperable obstacles to the adoption of the policy embodied in our Resolutions.

We have, &c.,

(Signed) BALFOUR OF BURLEIGH (*Chairman*).
 ARTHUR BALFOUR,
 HENRY BIRCHENOUGH,
 ALFRED BOOTH,
 FARINGDON,
 H. GOSLING,
 W. A. S. HEWINS,
 C. G. HYDE,
 W. S. McCORMICK,
 ALEXANDER McDOWELL,
 GERARD A. MUNTZ,
 ADAM NIMMO,
 CHARLES A. PARSONS,
 ARTHUR F. PEASE,
 G. SCOBY SMITH,
 GEO. J. WARDLE,
 PERCY ASHLEY } *Secretaries*,
 G. C. UPCOTT }

2nd February 1917.

MEMORANDUM BY SIR FREDERICK SMITH.

While I am in general sympathy with the Resolutions passed by the Committee, I feel very strongly that, in view particularly of the present international situation, the moment is inopportune to bring forward a recommendation on the subject of Imperial Preference, which may involve an alteration in our fiscal policy towards our Allies. In my opinion, it would be desirable that, before arriving at any conclusions on the subject, we should meet the representatives of the Dominions for a confidential discussion, at which the question of our commercial relations with our Allies and other practical difficulties could be fully and freely discussed.

(Signed) FREDERICK H. SMITH.

2nd February 1917.

MEMORANDUM BY MR. HAZLETON, M.P., AND MR. O'NEILL.

While fully endorsing the principle of Imperial Preference, we are unable to subscribe to any Resolution of the nature now submitted by the Committee which does not deal with the special case of Ireland. Past experience has shown that Ireland has had to conform to whatever fiscal system suited the needs of Great Britain, without regard to her own needs. We therefore feel that when new arrangements are being considered it is necessary to secure that Ireland's claims to separate treatment should be recognised. Realising that the decay of her industries and of her agricultural cultivation with the consequent depopulation have been the result of confounding her economic conditions as an agricultural country with the totally diverse industrial conditions of Great Britain, we are of the opinion that the same fiscal liberty which is at present enjoyed by the Self-Governing Dominions should be extended to Ireland. Only by this means we consider can Ireland's economic resources be properly developed.

(Signed) JOHN O'NEILL,
 RICHARD HAZLETON.

Resolutions.

1. In the light of experience gained during the War, we consider that special steps must be taken to stimulate the production of food-stuffs, raw materials and manufactured articles within the Empire wherever the expansion of production is possible and economically desirable for the safety and welfare of the Empire as a whole.

2. We therefore recommend that H.M. Government should now declare their adherence to the principle that preference should be accorded to the products and manufactures of the British Overseas Dominions in respect of any Customs Duties now or hereafter to be imposed on imports into the United Kingdom.

3. Further, it will in our opinion be necessary to take into early consideration, as one of the methods of achieving the above objects, the desirability of establishing a wider range of Customs Duties which would be remitted or reduced on the products and manufactures of the Empire, and which would form the basis of commercial treaties with Allied and Neutral powers.

2nd February 1917.